

this country in a more commonsense fashion, getting us to a point where on an annual basis we can operate the Federal Government within a budget that is in balance; that we do not overspend; that our projections are sound and based on reality and facts, not fiction.

So I think the statements that have been made this evening are very persuasive as we approach this point when we will be taking up the reconciliation bill. We have already considered a number of appropriations bills that have reduced spending from last year's levels in accordance with the directions of the budget resolution. So we are well on our way to achieving success in this very ambitious undertaking and very important undertaking.

I thank the Senators who have participated in this special order and am convinced that the American people are going to support our efforts, not just because of the speeches made here but because we are doing the right thing.

#### THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, more than 3 years ago I began these daily reports to the Senate to make a matter of record the exact Federal debt as of close of business the previous day.

As of the close of business yesterday, Wednesday, October 18, the Federal debt stood at exactly \$4,970,326,555,499.77. On a per capita basis, every man, woman, and child in America owes \$18,867.44 as his or her share of the Federal debt.

It is important to recall, Mr. President, that the Senate this year missed an opportunity to implement a balanced budget amendment to the U.S. Constitution. Regrettably, the Senate failed by one vote in that first attempt to bring the Federal debt under control.

There will be another opportunity in the months ahead to approve such a constitutional amendment.

#### THE ART OF MANAGEMENT IN A NONPROFIT WORLD

Mr. PRESSLER. Mr. President, the global marketplace changes constantly as the economy and consumer preferences fluctuate. To be competitive, businesses must keep pace with marketplace trends. As a result, prestigious business schools across the Nation continuously develop and update new curricula in response to our changing world.

Management practices, in particular, are beginning to depart from traditional business school teachings. After years of educating future business leaders about the art of managing businesses to maximize profits, professional schools are beginning to direct attention toward the management of not-for-profit organizations. Nonprofit groups are growing rapidly, becoming larger and more influential. Con-

sequently, emphasis on the unique skills associated with nonprofit management is becoming increasingly important.

John Whitehead, former U.S. Deputy Secretary of State, renowned entrepreneur, philanthropist, and expert in the world of nonprofit management, is paving the way for scholars to study the art of managing nonprofit organizations. Mr. Whitehead is founder of the John C. Whitehead Fund for Not-for-Profit Management at Harvard Business School. He is dedicated to teaching students about the important role not-for-profit organizations play in a traditionally for-profit business world.

A recent article appeared in the New York Times describing Mr. Whitehead's achievements and his devotion to teaching nonprofit management. This article details Mr. Whitehead's recent contributions to the Harvard Business School and offers a fascinating account of his entrepreneurial ventures. I ask unanimous consent that the text of the article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PRESSLER. Mr. President, John Whitehead is a skilled businessman and a generous philanthropist. His contributions to the study of nonprofit management will help those currently running nonprofit organizations and future managers maximize efficiency and attain group goals. Not-for-profit management strategies deserve greater attention both in the academic and business world. I applaud Mr. Whitehead for his dedication to the mission of nonprofit groups and wish him well as he continues to promote better, more-effectively managed nonprofit organizations.

#### EXHIBIT 1

HOW TO SUCCEED IN NONPROFITS BY REALLY TRYING—HARVARD IS GIVEN \$10 MILLION TO TEACH MANAGEMENT SKILLS

(By Karen W. Arenson)

When John Whitehead was co-chairman of Goldman Sachs from 1976 to 1984, it was held up as the epitome of the well-managed Wall Street firm. It made money and it ran smoothly.

Now Mr. Whitehead is trying to bring some of those same management skills to the nonprofit world. In what he calls the third stage of his life, after Goldman Sachs and service as Deputy Secretary of State, he has presided as chairman or president over several venerable institutions, from Harvard University's Board of Overseers and the Brookings Institution, to the Trustees Council of the National Gallery of Art and the Greater New York Councils/Boy Scouts of America.

But he is not content simply to bring his own management counsel to the boardrooms of a Rolodex of nonprofit organizations. He has a broader aim: to improve the whole art of managing nonprofit organizations. To that end, he is giving \$10 million to the Harvard Business School to endow the John C. Whitehead Fund for Not-for-Profit Management.

His goal is to encourage several developments: research in nonprofit management techniques, teaching of these techniques, and

more emphasis on training business school students and managers of nonprofit groups.

"I became fascinated by nonprofits," Mr. Whitehead said. "Their reach is much bigger than I realized. One out of every 10 workers in the United States works for a nonprofit. And if you add in the volunteer time, it's even greater."

"But I came to realize that while people who run nonprofits are fully committed, they are not very good managers, and nonprofits are not very well run," Mr. Whitehead said.

Sometimes they are not on the up-and-up either, as Mr. Whitehead has learned the hard way. Earlier this year, after he had planned his gift to Harvard, he and other prominent businessmen were embarrassed to learn that they had foolishly lent their names to the New Era for Philanthropy, a charity based near Philadelphia that was essentially a giant Ponzi scheme. New Era for Philanthropy filed for bankruptcy protection in May, and it and its president, John G. Bennett Jr., have been charged with fraud.

But the more common problem, one he has seen much of since he became involved in the nonprofit world during his years at Goldman Sachs, is a lack of management expertise. That is something he can offer, although he is quick to add: "Just to show that I don't know everything, I went on the board of a regional theater that went out of business." He declines to name the theater.

He describes himself as a sucker for getting involved in nonprofit groups, and said he has a particular affinity for the ones that need help, "not just the big prestigious ones, but some of the little, weak ones." The list, he says in an embarrassed tone, is too long to enumerate, because someone might think he does not have time for so much.

But he is disciplined in his approach, spending the first hour of each day in his Park Avenue office working on business for AEA Investors Inc., a private investment company of which he is chairman. The rest of the day, sometimes starting with a 7:30 breakfast meeting and going through a late dinner, is devoted to his menagerie of nonprofit institutions.

"He does so many things, but the remarkable thing is that he does it all so effectively," said William Boardman Jr., director of university capital giving at Harvard. "His very special capacity is to focus and not to waste time, and he's very insightful."

Mr. Whitehead has given one other \$10 million gift, to Haverford College, "my other first love," where he was an undergraduate and other nonprofit groups say he has been generous.

He described his own philosophy that good citizens need to be generous in both time and money. Having had the "good fortune to make all this money," he said, "I say somewhat facetiously that by giving it back, it will come out even at the end."

When he started discussions with John H. McArthur, dean of the Harvard Business School, a couple of years ago, he discovered that several faculty members there had been talking about doing more on nonprofit management. Mr. Whitehead held out the prospect of a large gift if they could develop a productive plan.

The group did more than plan. Research has begun to build. Courses have been added (elective courses on Social Entrepreneurship and on Field Studies in Social Enterprise). Case studies are being written. An eight-day advanced management program for executives who run nonprofit programs attracted 50 participants last spring (at a subsidized price of \$3,000), and another session will be held next year.

Satisfied that the commitment was there, Mr. Whitehead told the school he was ready

to make the gift. Even though Mr. McArthur is stepping down today, to be succeeded as dean by Kim Clark, Mr. McArthur has promised the nonprofit initiative would remain a priority, and that he will stay involved with it.

Despite the new attention, it is unlikely that nonprofit management will ever be a main theme for the school. The M.B.A. class of 1996, for example, has only 40 students out of 807 who came out of government, education or nonprofit jobs. Even though 10 percent of the class of 1995 cited working with a nonprofit group as their career goal after graduation, the school sent only 11 students into those fields. "The financial pressures are very high," Mr. Whitehead said.

But Mr. Whitehead said he did not worry that nonprofit management would be a stepchild at the business school. He said the new course on social entrepreneurship was oversubscribed last spring, when more than 10 percent of the second year class signed up for it, instead of the 60 that had originally been set as the limit.

"Usually elective courses start small and build their reputations," Mr. Whitehead said. "But this was very successful. I was just delighted."

He spoke of the growing interest among business students, who know they are likely to serve as directors of nonprofit groups, as he and so many other business executives do now; and the growing recognition that they should know more when they do.

"I believe more of this kind of program, and more scholarship, will help," he said.

That is not to say that Mr. Whitehead sees such programs as curing all ills. He does not think that better education would have stopped the scandal involving the Foundation for New Era Philanthropy.

New Era persuaded sophisticated executives like Mr. Whitehead to funnel money they wanted to contribute to other charities through New Era, saying that it would be matched after six months. The participation of top business leaders like Mr. Whitehead helped attract other donors.

"New Era was a real tragedy," said Mr. Whitehead, who stands to lose up to \$1 million in the bankruptcy. "I doubt that a program like this would have lessened the problem. If you have a dishonest guy, there is not much you can do. I hope we will all be able to put it behind us."

Although the management of nonprofit institutions is a relatively new academic specialty, Harvard is by no means the first university to turn its attention to the subject. There are now more than three dozen centers for the study of nonprofit enterprises at universities around the country, from Yale and Duke to the New School for Social Research and the University of San Francisco, and at least a dozen offer some focus on management.

In addition, there is already one other school at Harvard, the John F. Kennedy School of Government, that focuses on nonprofit enterprise, and sends about a third of its graduates into jobs in nonprofit institutions. It even offers the only course on nonprofit management at Harvard.

While the two schools talked about the possibility of a joint program, Mr. Whitehead's money was ultimately directed to the business school.

"They both have a role to play," he said. "My interest is in teaching managers business skills. The Kennedy School teaches them about the policy issues. There is a different kind of emphasis, and there is room for both."

Those connected with the business school program, the Initiative on Social Enterprise, which was established in 1993, concede that there is much to learn before there is a dis-

cipline that offers the depth and breadth of business management. They talk of the overlap between the two fields—and the differences. And they talk about building new intellectual capital.

V. Kasturi Rangan, a business school professor who is one of the leaders of the social enterprise initiative, talked about the cross-over in his own field of marketing:

"Nonprofit management offers its own challenges, but the trick is to bring the core disciplines into these challenges," he said. "We don't have Marketing 1 for toothpaste, and marketing 2 for computers. marketing is marketing."

He added, however, that nonprofit groups face a dual customer problem that is unique to them, because they need to concern themselves both with the clients who receive their services, and with the donors who pay for the services with their charitable contributions. The usual marketing discipline, coming out of consumers' choices that weigh benefits against costs, doesn't apply when consumers and payers are separate, he said. So a nonprofit group needs to develop special internal measures to know whether its products are appropriate.

It is analysis like this that excites Mr. Whitehead and makes him feel that his money will be well spent.

"This is fun," Mr. Whitehead said. "This is what keeps me going."

JOHN C. WHITEHEAD

Born April 2, 1922, Evanston, Illinois.

Education:

Haverford College, 1943.

M.B.A. with distinction, Harvard Business School, 1947.

Professional life:

Goldman, Sachs & Co., 1947-1984. Securities Industry Association, chairman, 1972-1973. New York Stock Exchange, director, 1982-1984. Deputy Secretary of State, 1985-1989, Harvard University, President of the Board of Overseers, 1989-1991.

Current leadership in these organizations:

AEA Investors Inc. International Rescue Committee. United Nations Association of the U.S.A. Andrew W. Mellon Foundation. International House, Youth for Understanding, The Brookings Institution, and Asia Society. Greater New York Councils/Boy Scouts of America. J. Paul Getty Trust, Rockefeller University, Lincoln Center Theater, and Outward Bound.

#### TRIBUTE TO SUSAN HOFFMANN

Mr. DOLE. Mr. President, I would like to take a moment to recognize a staffer who has recently left my Topeka, KS office, Susan Hoffmann. Susie was a dedicated member of my staff for almost 8 years and has recently moved on to pursue her career with the Community Bankers Association in Topeka.

Susie is a graduate of my alma mater, Washburn University, and has worked for several years helping the Young Republicans in the State. She was committed to assisting constituents with their concerns about government and they knew Susie was always there to lend a helping hand to a Kansan in need. She made a difference in hundreds of people's lives, because she cared.

Mr. President, I know my staff joins me in wishing Susan Hoffmann the best of luck in her future endeavors.

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting a nomination which was referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

#### REPORT OF DEFERRALS OF BUDGETARY RESOURCES—MESSAGE FROM THE PRESIDENT—PM 88

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Foreign Relations, to the Committee on Labor and Human Resources, and to the Committee on Finance.

*To the Congress of the United States:*

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report three deferrals of budgetary resources, totaling \$122.8 million.

These deferrals affect the International Security Assistance program, and the Departments of Health and Human Services and State.

WILLIAM J. CLINTON.

THE WHITE HOUSE, October 19, 1995.

#### MESSAGES FROM THE HOUSE

At 10:59 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has agreed to the following the concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 108. Concurrent resolution to correct technical errors in the enrollment of the bill H.R. 1594.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2076) making appropriations for the Departments of Commerce, Justice, and the judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. ROGERS, Mr. KOLBE, Mr. TAYLOR of North Carolina, Mr. REGULA, Mr. FORBES, Mr. LIVINGSTON, Mr. MOLLOHAN, Mr. SKAGGS, Mr. DIXON, and Mr. OBEY as managers of the conference on the part of the House.